

# FISCAL NOTE

**Bill #:** SB0314

**Title:** Adjusting eligibility for CHIP

**Primary Sponsor:** Mccarthy, B

**Status:** Third Reading

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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## Fiscal Summary

	<b><u>FY 2004 Difference</u></b>	<b><u>FY 2005 Difference</u></b>
<b>Expenditures:</b>		
Federal Special Revenue	\$7,491,743	\$11,427,156
Other	\$1,755,496	\$2,732,713
<b>Revenue:</b>		
General Fund	(\$1,755,496)	(\$2,732,713)
Other	\$1,755,496	\$2,732,713
Federal Special Revenue	\$7,491,743	\$11,427,156
<b>Net Impact on General Fund Balance:</b>	(\$1,755,496)	(\$2,732,713)

- |   |  |
|---|--|
| <input type="checkbox"/> Significant Local Gov. Impact    | <input checked="" type="checkbox"/> Technical Concerns           |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts           |
| <input type="checkbox"/> Dedicated Revenue Form Attached  | <input checked="" type="checkbox"/> Needs to be included in HB 2 |

## Fiscal Analysis

### ASSUMPTIONS:

#### **Department of Public Health and Human Services**

1. Using non-state matching funds, children living at or below 175% FPL can be insured. Children living in households with incomes at or below 150% FPL will be insured before children living in households with higher incomes.
2. Non-state matching funds do not include funding from the general fund or from specific taxes or fees.
3. CHIP costs per child are estimated to be \$120.93 per month for FY 2004 and FY 2005.
4. According to the Current Population Survey, it is estimated that there are 9,500 uninsured children in Montana, living at or below 175 percent of the FPL, and not eligible for Medicaid. This is the maximum number of uninsured children who could be insured by CHIP.
5. It is estimated that the Department of Public Health and Human Services could enroll 1,000 new children per month beginning July 1, 2003. These children would stay enrolled through the biennium. The total enrollment with non-state funds would be 9,500.
6. Based on the estimated number of uninsured children in Montana and the ability to enroll 1,000 children per month, this would equate to an estimated 73,500 member months in FY2004 and 114,000 in FY2005.

## Fiscal Note Request SB0314, Third Reading

(continued)

- a. FY2004  $1,000 + 2,000 + 3,000 + \dots 9,500 + 9,500 + 9,500 = 73,500$
- b. FY2005  $9,500 \times 12 \text{ months} = 114,000$
7. CHIP Federal Medical Assistance Participation (FMAP) is estimated to be 18.984 percent general fund and 81.016 percent federal funds in FY2004 and 19.299 percent general fund and 80.701 percent federal funds in FY2005.
8. Estimated total CHIP benefits are \$8,888,355 for FY2004 and \$13,786,020 for FY2005, matched as follows:
  - a. FY2004  $73,500 \times \$120.93 = \$8,888,355$ 
    - i. other funds are  $\$8,888,355 \times .1894 = \$1,687,365$
    - ii. federal funds are  $\$8,888,355 \times 81.016 \text{ percent} = \$7,200,990$
  - b. FY2005  $114,000 \times \$120.93 = \$13,786,020$ 
    - i. other funds are  $\$13,786,020 \times 19.299 \text{ percent} = \$2,660,564$
    - ii. federal fund  $\$13,786,020 \times 80.701 \text{ percent} = \$11,125,456$
9. Four additional CHIP FTEs would be needed due to the increase in applications received and the increase in the number of children enrolled in CHIP. New FTEs would include 1.00 FTE grade 16 program officer (\$44,276), 1.00 FTE grade 13 program specialist (\$34,772), and 2.00 FTE grade 12 customer service representatives (\$32,213 each).
10. Salaries and benefits for these 4.00 FTEs would be \$143,474 each year of the biennium, funded at the CHIP FMAP rate.
11. Operational costs for claims processing, computer hookups, rent, phones, contracted services, supplies are estimated to be \$215,410 in FY2004 and \$230,375 in FY2005.

### Department of Revenue

12. This bill would allocate proceeds from stipulations, agreed settlements, consent orders or defaults in excess of \$543,000 in fiscal 2003 and in excess of \$534,000 in fiscal 2004 to the children's health insurance program with a limit of \$3 million each fiscal year.
13. "Proceeds from stipulations, agreed settlements, consent orders or defaults" is a very broad term which would include judgments that the state receives from lawsuits and much, if not all, of the tax revenue recovered through audit activity. Revenue from lawsuits and similar activity specifically identified in the HJR2 revenue estimates is \$1.334 million in fiscal 2003 and \$4.659 million in fiscal 2004. However, this is understated because some revenue from lawsuits and similar activity is not separately identified in the HJR2 revenue estimates. Department of Revenue audit collections for personal income tax and corporation license tax are separately estimated in HJR2. They are projected to be \$21.3 million in fiscal 2003 and \$22.7 million in fiscal 2004. Collections of all other taxes include revenue from audit activity, but audit collections for other taxes are not separately estimated in HJR2. Thus, proceeds from stipulations, agreed settlements, consent orders or defaults will be over \$3 million each year.
14. This bill would transfer \$3 million from the general fund to the children's health insurance program in fiscal 2003 and again in fiscal 2004.

### FISCAL IMPACT:

#### Department of Public Health and Human Services (Pgm 11)

	FY 2004	FY 2005
	<u>Difference</u>	<u>Difference</u>
FTE	4.00	4.00

### Expenditures:

**Fiscal Note Request SB0314, Third Reading**  
(continued)

Personal Services	\$143,474	\$143,474
Operating Expenses	215,410	230,375
Benefits	<u>8,888,355</u>	<u>13,786,020</u>
TOTAL	\$9,247,239	\$14,159,869

Funding of Expenditures:

Federal Special Revenue (03)	\$7,491,743	\$11,427,156
Other Funds	<u>1,755,496</u>	<u>2,732,713</u>
TOTAL	\$9,247,239	\$14,159,869

Revenues:

Federal Special Revenue (03)	\$7,491,743	\$11,427,156
Other Funds	<u>1,755,496</u>	<u>2,732,713</u>
TOTAL	\$9,247,239	\$14,159,869

**Department of Revenue**

Expenditures:

Transfers	\$1,755,496	\$2,732,713
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Funding of Expenditures:

General Fund (01)	\$1,755,496	\$2,732,713
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Net Impact to Fund Balance (Revenue minus Funding of Expenditures):

General Fund (01)	\$(1,755,496)	\$(2,732,713)
Federal Special Revenue (03)	\$7,491,743	\$11,427,156
Other Funds	1,755,496	2,732,713

**TECHNICAL NOTES:**

1. The increase in the poverty level limit above 150 percent FPL is discretionary, based on the ability of the department to obtain funding.
2. The Department of Public Health and Human Services will not increase the poverty level beyond 150 percent unless non-state matching funds become available.
3. Uninsured children living at or below 150 percent FPL must be insured before children at higher incomes are insured.
4. Non-state matching funds from donations, gifts, or grants may be used as state matching funds effective July 1, 2003.